



Press release
For immediate release

Innergex Renewable Energy 2010 Q2 Results

- EBITDA increase from \$13.6 million to \$18.8 million following the strategic combination
- Start of construction of three wind farms with a total net installed capacity of 103 MW
- Power purchase agreements approved for Upper Lillooet, Boulder Creek and North Creek hydro projects (75 MW net)
- Eight 24.6 MW wind projects submitted to the Hydro-Québec Distribution 250 MW Community Wind RFP

LONGUEUIL, Québec, August 12, 2010 – Innergex Renewable Energy Inc. (TSX: INE) (“Innergex” or the “Corporation”) releases today its operating and financial results for the second quarter of 2010 and for the six-month period ending June 30, 2010.

OPERATING RESULTS

Highlights <i>(in thousands of Canadian dollars except as noted and amounts per share)</i>	Three-month period ended June 30, 2010	Three-month period ended June 30, 2009	Six-month period ended June 30, 2010	Six-month period ended June 30, 2009
	\$	\$	\$	\$
Power generated (MW-hr)	369,753	247,764	527,419	411,676
Long-term average	416,853	255,336	585,788	422,265
Operating revenues	24,824	16,519	38,375	30,460
EBITDA	18,767	13,555	29,475	24,645
Net (loss) earnings	(6,524)	13,353	(7,023)	16,372
Net (loss) earnings per share	(0.11)	0.31	(0.14)	0.38
Adjusted net earnings	3,803	4,722	5,480	7,177
Adjusted net earnings (\$ per share -basic)	0.06	0.11	0.11	0.17

For the second quarter of 2010, Innergex recorded operating revenues and EBITDA higher than for the same period in 2009. This performance results from the greater number of facilities operated by Innergex in 2010 compared to 2009, following the combination of Innergex Power Income Fund (the “Fund”) with the Corporation on March 29, 2010.

This increase in revenues was partially offset by lower production levels from the pre-combination assets of the Fund. Also, the Ashlu Creek facility was shut down from February 28, 2010, to April 17, 2010, to perform a tunnel inspection and the subsequent improvement work.

As Michel Letellier, President and Chief Executive Officer of Innergex, explains: “The lower-than-anticipated power generation in the second quarter of 2010 is mainly due to unfavourable weather conditions. Based on our experience, we expect the meteorological conditions to revert back to their estimated long-term average in the future.”

Adjusted Net Earnings

Innergex believes that adjusted net earnings represent important additional information for the reader because they provide a profitability measure that excludes certain elements that have no impact on cash on hand. Adjusted net earnings exclude unrealized foreign exchange gains/losses and unrealized gains/losses on derivative financial instruments as well as any associated future income tax. When applicable, adjusted net earnings also exclude some non-recurring items. Innergex calculates adjusted net earnings as shown below:

Adjusted Net Earnings (in thousands of Canadian dollars except as noted and amounts per share)	Three-month period ended June 30, 2010	Three-month period ended June 30, 2009	Six-month period ended June 30, 2010	Six-month period ended June 30, 2009
	\$	\$	\$	\$
Net (loss) earnings	(6,524)	13,353	(7,023)	16,372
Add (deduct):				
Non-cash expense related to royalty agreement	-	-	983	-
Unrealized net loss (gain) on derivative financial instruments	14,102	(11,197)	16,142	(11,771)
Unrealized foreign exchange loss (gain)	44	(233)	2	(136)
Associated future income taxes	(3,819)	2,799	(4,624)	2,712
Adjusted net earnings	3,803	4,722	5,480	7,177
Adjusted net earnings (\$ per share - basic)	0.06	0.11	0.11	0.17

Despite an increase in revenues and EBITDA for both the second quarter and the six-month period ending June 30, 2010, the adjusted net earnings decreased when compared to 2009. This variation is mainly attributable to the increase in interest on long-term debt and convertible debentures, depreciation and amortization, general and administrative expenses, as well as expenses for prospective projects.

Projects under construction

Construction starts at Montagne-Sèche and Gros-Morne, Phase I and II

"During the second quarter of 2010, we started the construction work for three wind farms in Québec and we expect, as planned, to increase our production capacity by December 2011, when the 58.5 MW Montagne-Sèche and the 100.5 MW Gros-Morne – Phase I projects are completed", notes Michel Letellier. Also under construction, the 111 MW Gros-Morne – Phase II project is expected to be completed by December 2012. Activities are currently focused on tree clearing, road building and site preparation for the substations and mount pads.

During the second quarter of 2010, the Corporation received a term-sheet offer from a syndicate of lenders to secure the long-term debt financing for these projects. Given the disbursement schedule of these projects, no drawings under the debt facilities will be required before mid-2011. As such, and given the improving market conditions for projects financing, Innergex decided to wait until late 2010 before entering into a credit agreement with the syndicate of lenders.

Projects under development

Upper Lillooet, Boulder Creek and North Creek

On June 3, 2010, the British Columbia government's *Clean Energy Act* was confirmed by the BC Legislature, resulting in the approval of the three power purchase agreements ("PPAs") for Upper Lillooet (49.3 MW net), Boulder Creek (15.3 MW net) and North Creek (10.7 MW net) hydroelectric projects, submitted under the 2008 BC Hydro Clean Power Call. The PPAs allow the Corporation to enter the development phase. Innergex expects Boulder Creek to start commercial operation in 2015 and North Creek and Upper Lillooet to start commercial operation in 2016.

Adjusted cash flows from operating activities and distributions

For the second quarter of, 2010, Innergex generated \$13.8 million in adjusted cash flows from operating activities (\$9.2 million in 2009) and declared cash distributions totalling \$8.8 million (\$7.4 million in 2009) or \$0.15 per share (\$0.17 in 2009). For the six-month period ended June 30, 2010, Innergex generated \$22.3 million in adjusted cash flows from operating activities (\$17.2 million in 2009) and declared cash distributions totalling \$16.1 million (\$14.7 million in 2009) or \$0.32 per share (\$0.34 in 2009).

Dividend declaration

Innergex intends to pay a dividend of \$0.58 per share per annum, payable on a quarterly basis. The third quarter dividend of \$ 0.145 per share will be paid on October 15, 2010, with a record date of September 30, 2010.

Subsequent events

Hydro-Québec Distribution 250 MW Community Wind RFP

On July 6, 2010, Innergex submitted eight wind projects to the Hydro-Québec Distribution 250 MW Community Wind Request for Proposals, in partnership with communities. PPA awards are expected before the end of 2010. The projects each have an installed capacity of 24.6 MW, with proposed in-service dates beginning December 2013.

BC Hydro SOP

On July 15, 2010, BC Hydro announced its recommendations for updates and changes to its Standard Offer Program. Among other things, BC Hydro is recommending increases in pricing and in permitted capacity (from 9.9 MW to 15.0 MW). Innergex is currently evaluating the impact of this announcement, as some of its prospective projects could be submitted under this program.

Innergex Renewable Energy Inc. is a leading developer, owner and operator of run-of-river hydroelectric facilities and wind energy projects in North America. Innergex's management team has been involved in the renewable power industry since 1990. Innergex owns a portfolio of projects which consists of: i) interests in 17 operating facilities with an aggregate net installed capacity of 326 MW; ii) interests in 7 projects under development with an aggregate net installed capacity of 203 MW for which power purchase agreements have been secured; and iii) prospective projects of more than 2,000 MW (net).

The Corporation's unaudited consolidated financial statements and the management's discussion and analysis, can be downloaded from the Innergex website at www.innergex.com and from the SEDAR website at www.sedar.com.

NON-GAAP MEASURES

Some indicators referred to in this press release are not recognized measures under Canadian GAAP, and therefore may not be comparable to those presented by other issuers. Innergex believes that these indicators are important, as they provide management and the reader with additional information about its production and cash generation capabilities and facilitate the comparison of results over different periods.

FORWARD-LOOKING INFORMATION

In order to inform shareholders of Innergex as well as potential investors on future prospects of the Corporation, sections of this news release may contain forward-looking statements within the meaning of securities legislation ("Forward-looking Statements"). Forward-looking Statements can generally be identified by the use of words and phrases, such as "may", "will", "estimate", "anticipate", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "forecasts", "intends" or "believes", or variations of such words and phrases that state that certain events will occur. Forward-looking Statements represent, as of the date of this news release, the estimates, forecasts, projections, expectations or opinions of the Corporation relating to future events or results. Forward-looking Statements involve known and unknown risks, uncertainties and other important factors which may cause the actual results or performance to be materially different from

any future results or performance expressed or implied by the Forward-looking Statements. The material risks and uncertainties which may cause the actual results and developments to be materially different from the current expressed expectations in this news release include: (i) execution of strategy, (ii) capital resources, (iii) derivative financial instruments, (iv) current economic and financial crisis, (v) hydrology and wind regime, (vi) construction and design, (vii) development of new facilities, (viii) project performance, (ix) equipment failure, (x) interest rate and refinancing risk, (xi) financial leverage and restrictive covenants, (xii) separation agreement and (xiii) relationship with public utilities. Although the Corporation believes that the expectations instigated by the Forward-looking Statements are based on reasonable and valid hypotheses, there is a risk that the Forward-looking Statements may be incorrect. The reader is cautioned not to rely unduly on these Forward-looking Statements. The Forward-looking Statements expressed verbally or in writing, by the Corporation or by a person acting on its behalf, are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to update or revise any Forward-looking Statements, whether as a result of events or circumstances occurring after the date hereof, unless required by legislation.

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